

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



April 17, 1987

ALL-COUNTY INFORMATION NOTICE NO. I-30-87

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY AUDITORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY ADMINISTRATIVE SERVICES OFFICERS

SUBJECT: FUTURE ASSISTANCE CLAIMS CHANGES AFFECTING AID TO FAMILIES WITH DEPENDENT CHILDREN - FAMILY GROUP AND UNEMPLOYED (AFDC-FG & U) PROGRAMS

REFERENCE: ALL-COUNTY INFORMATION NOTICE I-114-84, DATED DECEMBER 27, 1984

The purpose of this letter is to provide you with advance notification of significant changes to the assistance claims for the AFDC-FG & U Programs that are being planned for implementation beginning January 1, 1988. The primary objective of these impending changes is to establish a fiscal claiming system that separately accounts for payments made to federally eligible recipients versus state-only eligible recipients.

The system by which counties have reported and claimed AFDC-FG & U expenditures for federal and/or state reimbursement has been in operation for about twenty years with no significant changes. The monthly claims (the payroll which lists all financial transactions for each case, and the Summary Reports of Expenditures (CA 800-FG and CA 800-U) which summarizes the transactions) essentially treat the federal and state-only AFDC Programs as one program. The same aid codes are used for FG or U regardless of federal status, the payrolls have both types of cases intermixed, and the expenditures are commingled in the Summary Reports. For claiming purposes, counties have not been required to separately track payments made on behalf of federally eligible persons versus state-only persons. A "federal persons ratio" (the ratio of federally eligible persons to total persons) is applied to the total of federal and state-only expenditures to determine the amount claimable for federal financial participation (FFP).

This method of allocating federal and state-only expenditures based on persons count ratios has never been officially approved by the Department of Health and Human Services, Office of Family Assistance (OFA). In fact, since 1979, OFA has been attempting to get California to change the claiming system so that the basis for claiming FFP is on actual payments to federally eligible AFDC recipients - not on an allocation method using the federal persons count ratio. Such a change would require the payrolls and Summary Reports to clearly separate payments to federally eligible recipients from state-only eligible recipients. In addition, they have taken exception to the netting out of positive and negative adjustments in Line 9, Schedule of Adjustments, on the CA 800. Positive and negative adjustments must be reported separately. The method by which the federal share of overpayment recoveries is determined has also been scrutinized. Until recently, the State has been successful in resisting making such changes to the assistance claiming system without fiscal penalty. The OFA has begun withholding funds from the State and

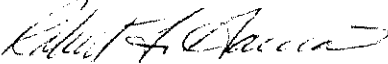
intends to do so until California complies with federal expenditure reporting requirements. While the amounts withheld so far have been insignificant (\$27,595 for the April - June 1986 quarter, and \$36,211 for July - September 1986), OFA has verbally indicated future deferrals will be much greater.

The State Department of Social Services intends to comply with the federal mandate to implement a revised fiscal claiming system that ensures the proper reporting of federal expenditures. Departmental staff have already begun working with the Fiscal Committee of the County Welfare Directors Association to develop an acceptable state/county assistance claiming system. It is hoped that policy decisions, revised forms, and claiming instructions will be finalized within the next month or two so that counties will have at least six months lead time to make the necessary internal system changes for statewide implementation.

Counties are reminded that in All-County Information Notice I-114-84, dated December 27, 1984, aid codes 32 and 33 were to be made available for future statewide use. Under the revised claiming system, 32 and 33 will be used for state-only AFDC-FG and state-only AFDC-U programs, respectively. Instead of the two current claims, FG and U, four claims will be required as follows:

<u>Summary Report Form</u>	<u>Aid Code</u>	<u>Name</u>
CA 800 FG-Fed	30	AFDC-FG Federally Eligible
CA 800 FG-State only	32	AFDC-FG State-only Eligible
CA 800 U-State only	33	AFDC-U State-only Eligible
CA 800 U-Fed	35	AFDC-U Federally Eligible

If you have any questions regarding this letter, you may contact Ms. Willa Wallen, Assistance Policy Unit, Fiscal Policy and Procedures Bureau at (916) 322-9288 or ATSS 482-9288.


 ROBERT L. GARCIA
 Acting Deputy Director
 Administration

cc: CWDA